

Purchase or Refinance/Rehabilitation Mortgage Program

1. **INTEREST RATE:** Please check with your participating lender for the current interest rate.
2. **PURCHASE/REHABILITATION AND REFINANCE/REHABILITATION MORTGAGE LOAN PROGRAMS:** Loans are originated and insured under FHA 203(k) guidelines.
3. **MORTGAGE LOAN MATURITY:** Fixed rate, 30 year maximum mortgage loan term.
4. **INCOME LIMITS:** Income limits for all mortgage programs are determined by the area of purchase as well as family size. (Listed on separate sheet.)
5. **FEES:** 3 points - Borrowers must pay 1% of the loan amount at time of loan application.
6. **REHABILITATION ADMINISTRATION FEE:** 1½% of portion of mortgage allocated to rehabilitation, or \$350 whichever is greater; payable at closing by borrower.
7. **INSPECTION FEES AND RE-INSPECTION FEES:** Four inspections at \$75 per inspection payable at closing by borrower.
8. **ELIGIBLE BORROWERS:**
 - A. First time home buyers who wish to purchase dwellings in need of rehabilitation.
 - B. Home owners who wish to purchase dwellings in need of rehabilitation in targeted areas who will reside in the purchased property and will sell their present residence by closing date.
 - C. Home owners who wish to rehabilitate their residence and refinance the existing indebtedness.
9. **OCCUPANCY REQUIREMENTS:** Borrower must occupy the property within 60 days of the completion of the rehabilitation work and remain as the borrower's principal residence for the life of the loan.
10. **ELIGIBLE PROPERTIES:**
 - A. Owner-occupied 1- to 4-family dwellings which have been completed for at least 20 years.
 - B. No portion of property may be used for business purposes.
 - C. All 2- to 4-unit dwellings must have been used as residences for the previous 5 years.
 - D. At least 50% of the existing external walls will remain as external walls.
 - E. At least 75% of the existing walls retained in place as internal or external walls.
 - F. At least 75% of the existing internal structure framework is retained in place.
 - G. FOR PURCHASE PROPERTIES the cost of the rehabilitation will be a minimum of 25% of the mortgagor's adjusted basis in the residence (including land).



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H. FOR REFINANCE/REHABILITATION WORK the cost of the rehabilitation must be equal to or greater than a minimum cost of new improvements. The minimum cost of new improvements is figured as follows:

Original Purchase Price + Repairs previously made = (A) Acquisition Cost

Acquisition Cost x 1.333 = (B)

(B) – (A) = (C) Minimum cost of new improvements

Anticipated Rehabilitation Work must be equal to or greater than the minimum cost of improvements (C) to meet property eligibility.

I. CONDOMINIUMS AND CO-OP UNITS ARE NOT ELIGIBLE.

J. Refinance/rehabilitation loan properties in which there is no current outstanding mortgage DO NOT QUALIFY.

11. **PURCHASE PRICE LIMITS:** Purchase price and household income limits apply for both statewide and targeted areas. Loans submitted must adhere to the more restrictive guidelines regarding purchase price limits or FHA mortgage loan limits. (Purchase price and income limits are listed on separate sheet.)



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